

AMENDED IN SENATE AUGUST 17, 2009

AMENDED IN SENATE JULY 23, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## ASSEMBLY BILL

**No. 1544**

---

**Introduced by Committee on Health (Jones (Chair), Fletcher (Vice Chair), Adams, Ammiano, Block, Carter, Conway, De La Torre, Emmerson, Hayashi, Hernandez, Bonnie Lowenthal, Nava, V. Manuel Perez, Salas, and Audra Strickland)**

March 4, 2009

---

An act to add Section 1253.6 to the Health and Safety Code, relating to health facilities.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1544, as amended, Committee on Health. Health facilities: licensure.

Existing law provides for the licensure of health facilities, including general acute care hospitals, acute psychiatric hospitals, and special hospitals, as defined, by the State Department of Public Health. Violation of these provisions is a misdemeanor.

Existing law requires that, upon the issuance or renewal of a general acute care, acute psychiatric, or special hospital license, the department separately identify on the license each supplemental service, including the address of where each outpatient service is provided and the type of services provided at each outpatient location.

Existing law authorizes licensed general acute care hospitals and acute psychiatric hospitals to provide in any alternative setting health care services and programs that may be provided by any other provider of health care outside of a hospital building or which are not otherwise

specifically prohibited by provisions of existing law regulating these facilities. It also requires the state department and the Office of Statewide Health Planning and Development to adopt and enforce standards which permit these health facilities to use its space for alternative purposes.

This bill would, among other things, require the department to approve a completed application by a licensed general acute care hospital, acute psychiatric hospital, or a special hospital that meets specified requirements to add or modify an outpatient service as a supplemental service, add the outpatient service to the hospital license, and issue a new license, within ~~30~~ 100 days of receipt of the completed application, unless the applicant does not meet specified requirements. The bill would limit the outpatient service that is the subject of the application to providing only primary health care service to patients who remain in the outpatient clinic for less than 24 hours. The bill would also prohibit the outpatient service that is the subject of the application from providing chronic dialysis treatment or alternative birthing services, performing outpatient surgeries that are provided by a surgical clinic, or providing other services that are not consistent with providing primary health care services for patients who remain in the outpatient clinic for less than 24 hours. By creating a new crime, this bill would impose a state mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Hospitals in California are essential partners with the state
- 4 in providing a health care safety net for underserved, uninsured,
- 5 and underinsured populations in a cost-effective manner.
- 6 (b) The need for primary care is growing dramatically due to
- 7 changes in the delivery of health care, demands of the market, and
- 8 the continuing increase of uninsured and underinsured patients in

1 California, an escalating unemployment rate, physician-shortage  
2 *shortages*, and a severely depressed economy.

3 (c) The current system of approving new hospital-based  
4 outpatient services that provide primary care causes delays in  
5 timely access to care and results in a significant and unnecessary  
6 waste of taxpayer and community resources that could otherwise  
7 be devoted to patient care.

8 (d) Administrative streamlining of the approval process, without  
9 compromising patient health and safety, will avoid *an* unnecessary  
10 burden to the state's scarce resources and improve access to vital  
11 community health care services in California.

12 SEC. 2. Section 1253.6 is added to the Health and Safety Code,  
13 to read:

14 1253.6. (a) Upon receipt of an initial application by a licensed  
15 general acute care hospital, *an* acute psychiatric hospital, or a  
16 special hospital ~~that meets the requirements of subdivision (e)~~ to  
17 add a new or modify an existing outpatient service as a  
18 supplemental service, the department shall, within 30 days of  
19 receipt of the initial application, review the entire application,  
20 determine whether the application is missing information or has  
21 insufficient information, and, on the basis of this determination,  
22 provide the hospital with guidance on how to provide the missing  
23 information.

24 ~~(b) Within 30 days after receipt of a completed application by~~  
25 ~~a licensed general acute care hospital, acute psychiatric hospital,~~  
26 ~~or a special hospital that meets the requirements of subdivision (e)~~  
27 ~~to add or modify an outpatient service as a supplemental service;~~

28 (b) *Upon determination by the department that an application*  
29 *for an outpatient service as a supplemental service is complete*  
30 *pursuant to subdivision (a), the department shall investigate the*  
31 *facts set forth in the application and, if the department finds that*  
32 *the statements contained in the application are true, that the*  
33 *establishment of the operation of the supplemental service are in*  
34 *conformity with the intent and purpose of this chapter, and that*  
35 *the applicant is in compliance with the provision of this chapter*  
36 *and the rules and regulations of the department, the department*  
37 *shall approve the additional or modified outpatient service, add*  
38 *it to the hospital license, and issue a new license. However, if the*  
39 *department finds that the statements contained in the application*  
40 *are not true, or that the establishment of the outpatient service as*

1 *a supplemental service is not in conformity with the intent and*  
2 *purpose of this chapter, the department shall deny the applicant*  
3 *the license. The department shall either grant or deny the*  
4 *application for the outpatient service as a supplemental service*  
5 *within 100 days of the filing of a completed application.*

6 *(c) If a licensed general acute care hospital, acute psychiatric*  
7 *hospital, or a special hospital meets the requirement of subdivision*  
8 *(d) and has been approved for an outpatient service as a*  
9 *supplemental service in accordance with subdivision (b), within*  
10 *30 days after receipt of a completed application for an additional*  
11 *outpatient service, the department shall approve the additional or*  
12 *modified outpatient service, add it to the hospital license, and issue*  
13 *a new license, unless the applicant does not meet the requirements*  
14 *of this section. Notwithstanding any other law, the issuance of a*  
15 *new license pursuant to this section shall not require an initial*  
16 *onsite survey. However, nothing shall preclude the department*  
17 *from from conducting an onsite inspection prior to approving an*  
18 *application for supplemental services or denying an application if*  
19 *it finds licensing deficiencies as a result of the inspection. If the*  
20 *department determines that the applicant does not meet the*  
21 *requirements of this section, the department shall provide the*  
22 *hospital, in writing, the particular basis for this determination.*

23 ~~(e)~~  
24 *(d) A hospital qualifies to submit an application pursuant to this*  
25 *section only if both of the following conditions are met:*

26 *(1) The hospital has held for the five years immediately*  
27 *preceding the submission of the completed application, a valid,*  
28 *unrevoked or unsuspended license, does not have a demonstrated*  
29 *history of repeated or uncorrected violations of state licensing or*  
30 *federal certification requirements that pose immediate jeopardy*  
31 *to a patient, and does not have any pending actions against it to*  
32 *suspend or revoke the license or terminate Medicare or Medi-Cal*  
33 *certification.*

34 *(2) The hospital owns and operates the outpatient service that*  
35 *is the subject of the application.*

36 ~~(d)~~  
37 *(e) A completed application for purposes of this section shall*  
38 *include all of the following:*

39 *(1) The appropriate forms, fees, and documentation, as*  
40 *determined by the department.*

(2) A description of the type of outpatient service to be operated, the character and scope of the service to be provided, and a complete description of the building, its location and proximity to the main hospital building, facilities, equipment, apparatus, and appliances to be furnished and used in the operation of the outpatient service.

(3) A description of and ~~sufficient evidence~~ *documentation* that the outpatient service has written policies and procedures governing the operation of the service and its reporting relationship to the applicant.

(4) Evidence of the hospital's compliance with applicable building standards and possession of a fire clearance.

~~(e)~~

(f) The outpatient service that is the subject of the application shall be limited to providing primary health care service to patients who remain in the outpatient clinic for less than 24 hours.

~~(f)~~

(g) The outpatient service that is the subject of the application shall not provide chronic dialysis treatment or alternative birthing services, perform outpatient surgeries that are provided by a surgical clinic, or provide other services not consistent with those described in subdivision (e).

~~(g)~~

(h) Nothing in this section shall prohibit the department from conducting a licensing inspection or complaint investigation after the application is approved.

~~(h)~~

(i) The outpatient service that is the subject of the application shall comply with applicable standards for outpatient services, including, but not limited to, requirements applicable to life safety, building standards, infection control, medical records, personnel policies, governance, and patient rights.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within

- 1 the meaning of Section 6 of Article XIII B of the California
- 2 Constitution.

O